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February 5, 2003

EX PARTE

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Re: CC Docket Nos. 01-338 and 02-33

Dear Ms. Salas:

On February 3, 2003, Fred McCallum, Keith Milner, Jonathan Banks and I, met with Jordan Goldstein, Senior Legal Advisor to Commissioner Michael Copps, to discuss the Triennial Review. The attached documents formed the basis for the presentation.

I am filing this notice in the dockets identified above, as required by Section 1.1206(b)(2) of the Commission's rules, and request that you associate this notice with the record of those proceedings.

Sincerely,

*Robert T. Blau*

Attachment

cc: Jordan Goldstein

# **Discussion of Proposed Tests for Conversion of Special Access Circuits to Unbundled Network Elements**

**BellSouth Telecommunications, Inc.**

**February 3 - 4, 2004**

# Examples of Economic Impact from Conversion from Special Access to UNE Rates

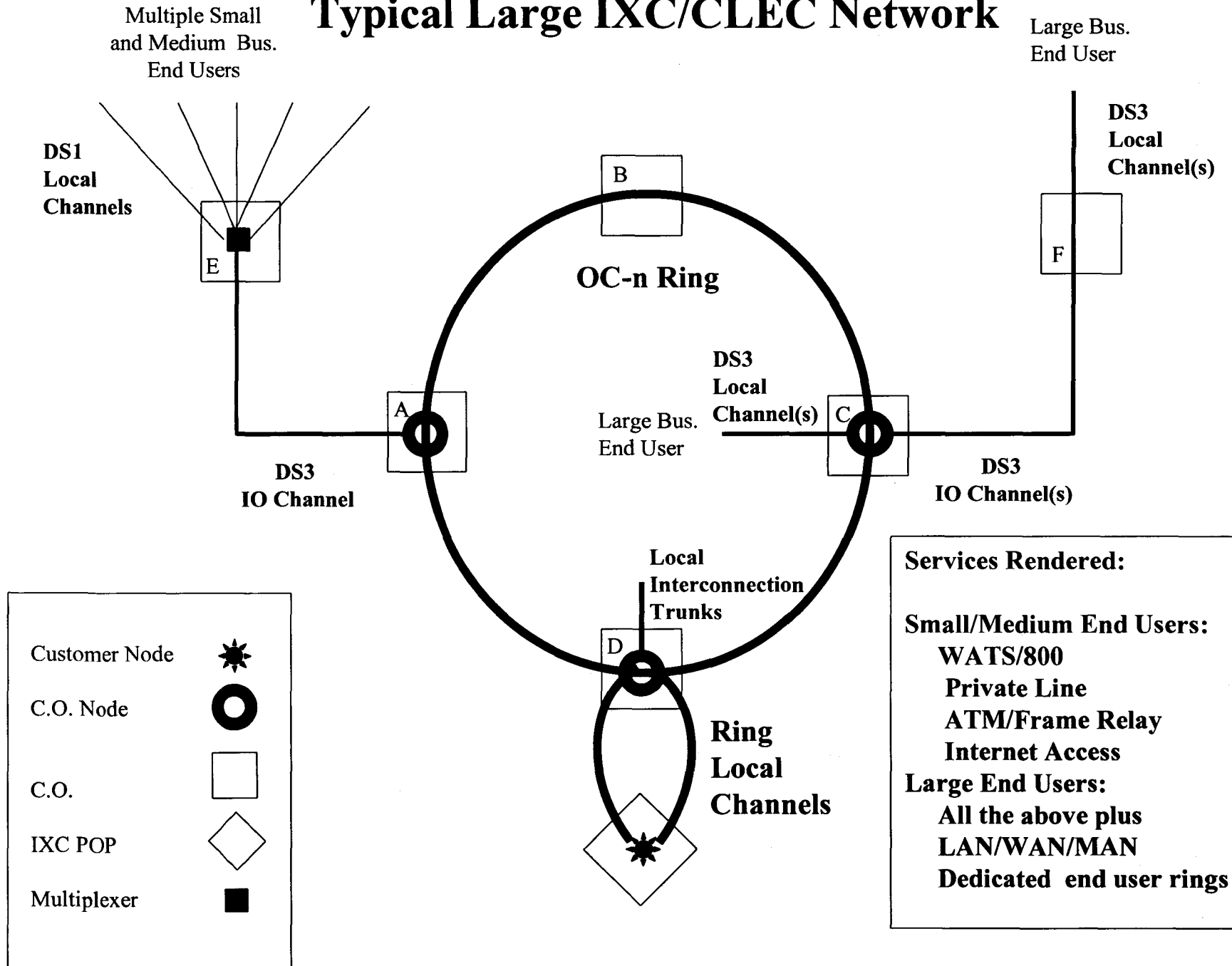
## DS1 - Typical Circuits

SPA Rates					
					<u>Total</u>
<u>10 mile circuit</u> End User	SPA Loc Ch. \$123		SPA IO Ckt + Mileage \$145	SPA Loc Ch. \$123	CLEC/ IXC POP
	UNE Loop \$88.92		UNE IO Ckt + Mileage \$91.65	UNE IO Local Channel \$38.36	
					<b>\$391</b>
					<b>\$219</b>
UNE Rates					

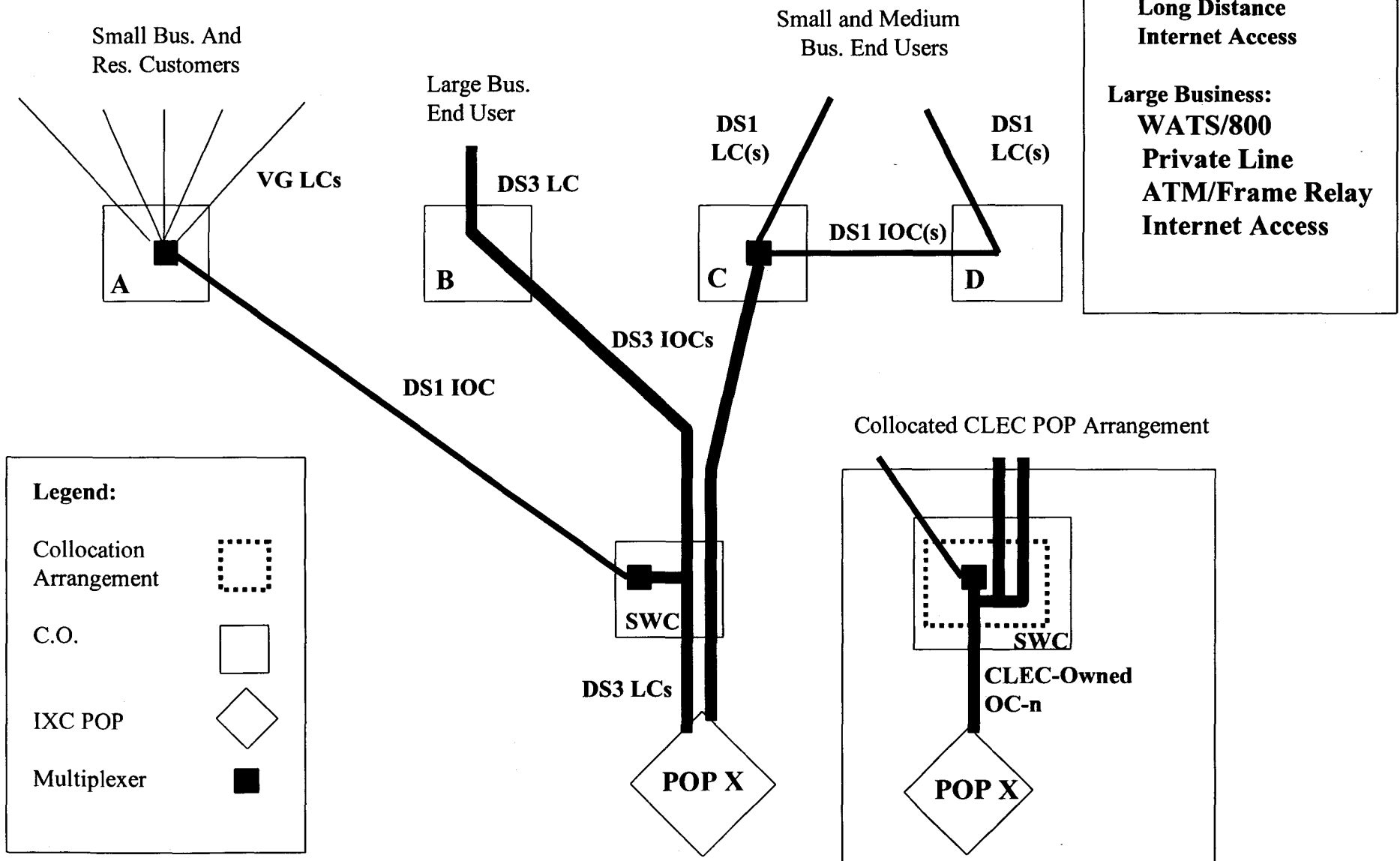
## DS3 - Typical Circuits

SPA Rates					
					<u>Total</u>
<u>10 mile circuit End User 1/4 mi. from C.O</u> End User	SPA Loc Ch. \$1460		SPA IO Ckt + Mileage \$1275	SPA Loc Ch. \$1290	CLEC/ IXC POP
	UNE Loop \$368		UNE IO Ckt + Mileage \$652	UNE IO Local Channel \$529	
					<b>\$4025</b>
					<b>\$1549</b>
UNE Rates					

# Typical Large IXC/CLEC Network



# Typical Small CLEC Network



# **Contemplated Restrictions Offer No Relief**

## **Contemplated Tests:**

**CLEC must have collocation in the LATA**

**CLEC must have interconnection trunks connecting to ILEC public switched network in LATA**

**CLEC must be certified by state Public Service Commission as a local exchange carrier**

## **Bottom Line:**

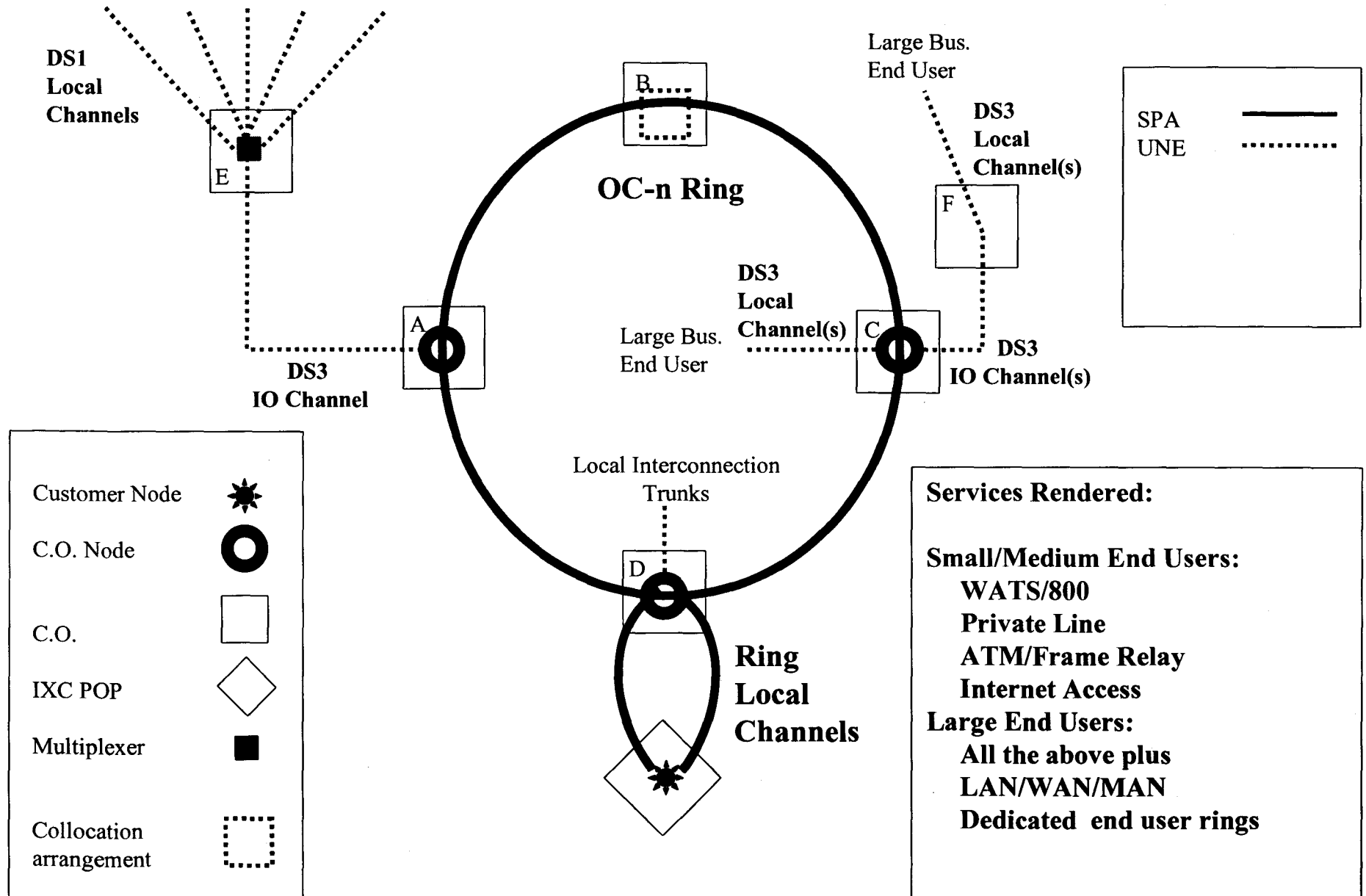
**These Tests are too easily attained or could easily be “gamed”.**

## Carriers Already Have Collocation and Interconnection Trunking And Can Easily and Quickly Become Certificated

LATA	STATE	COLLOCATORS WITH FIBER ENTRANCE FACILITIES
Atlanta	GA	157
Southeast	FL	295
Nashville	TN	36
Charlotte	NC	69
Jacksonville	MS	53
Orlando	FL	68
Raleigh	NC	39
New Orleans	LA	30
Memphis	TN	30
Louisville	KY	17
Birmingham	AL	12
Greensboro	NC	28
Greenville	SC	13
Knoxville	TN	15
Columbia	SC	14
Jackson	MS	21
Baton Rouge	LA	16
Charleston	SC	6
Chattanooga	TN	14
Mobile	AL	7
	<b>TOTAL</b>	<b>940</b>

# Typical Large IXC/CLEC Network

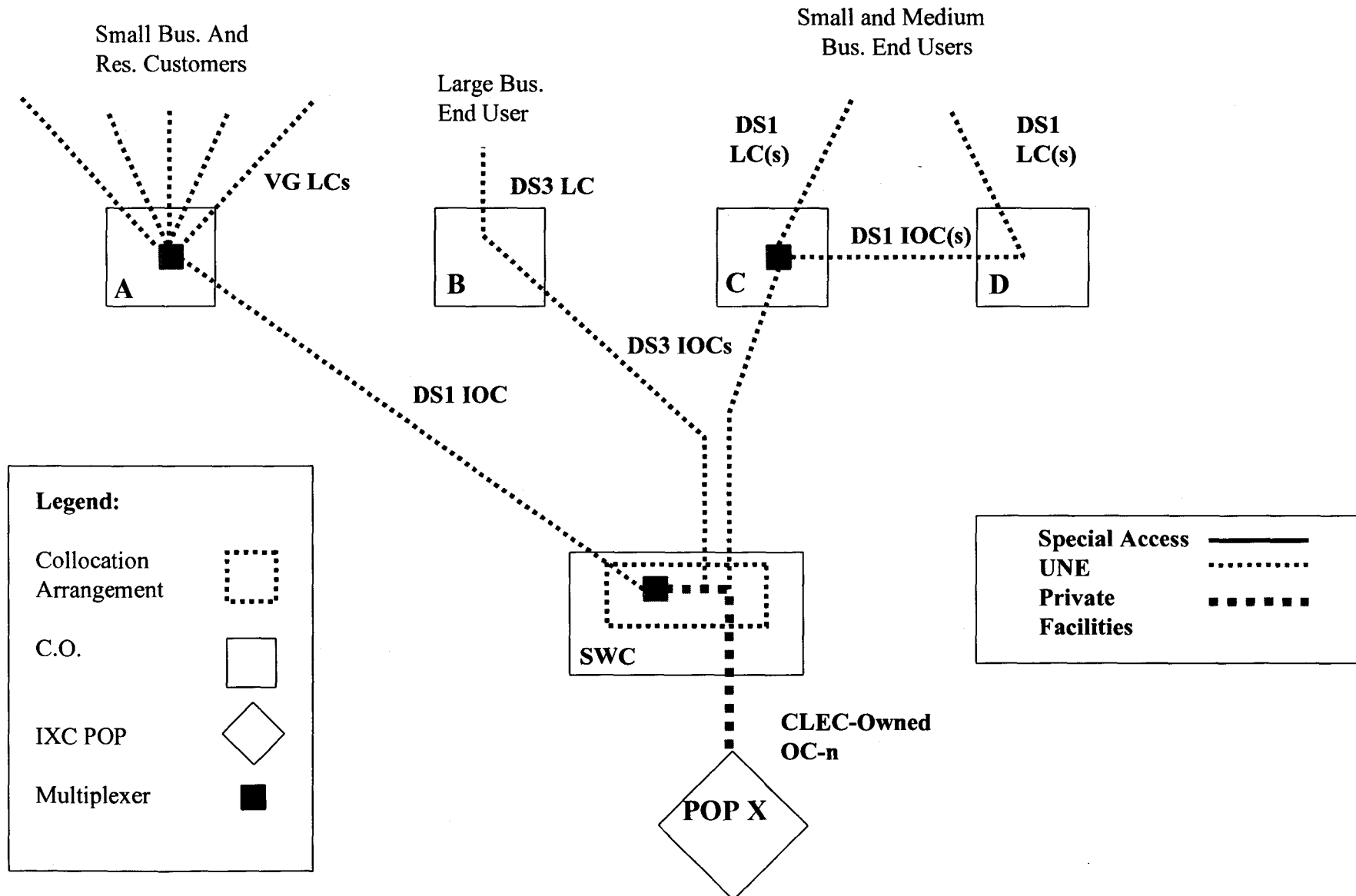
## Establish or Use Collocation and Interconnection Trunks to Meet Test





# Typical Small CLEC Network

Establish or Use Collocation to Meet Test



# **Typical Large Business Customer with Private Lines to Distant LATAs**

**IXC will convert all intraLATA Elements to UNEs**

IXC  
Switched  
LD network

PL To Distant LATA End Users Premises  
via IXC LL T3

Large  
Business  
End User  
Premises "B"

To PSTN

## **Legend:**

Circuit Switch



C.O. Node



C.O.



IXC POP



Multiplexer



PBX



Inter-connection  
trunks

DS1 LC's

DS1 IOC

DS1 LC's

ILEC PBX  
Trunks

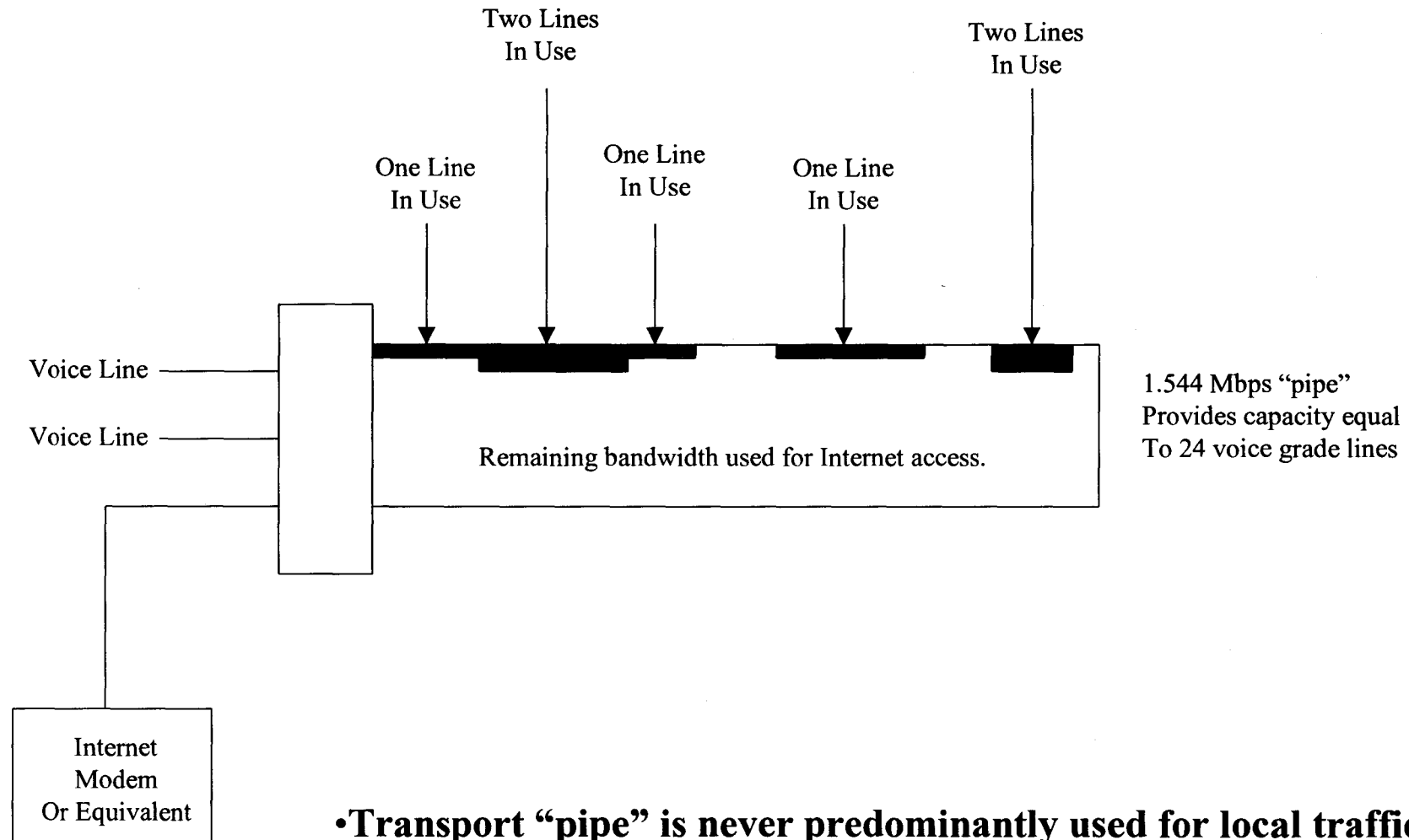
Large Business End User Premises "A"

SPA  
UNE  
Private  
Facility



**Services Purchased:**  
Local (from ILEC)  
Long Distance (WATS & 800)  
Point-to-Point Private Line  
LAN/WAN/MAN  
Internet Access

## Typical Small Business End User With Two Voice Lines and Internet Access via Bandwidth Allocation



- Transport "pipe" is never predominantly used for local traffic.
- Effect is even more pronounced for providers that use compression of voice traffic into envelopes of less than 64 Kbps.

# Conclusions

## **Adoption of Proposed Collocation and Interconnection Trunking Tests:**

- Gives no weight to lack of impairment as ordered by Supreme and Appeals Court.
- Offers little if any protection from Special Access to UNE conversion “gaming”.
- Does not advance goals of increased competition.
- Merely shifts revenue from ILECs, CAPs and CLECs to IXC.
- Diminishes shareholder value of existing Special Access providers.
- Discourages facilities-based build out and reduces the value of existing ILEC, CLEC and CAP networks.
- Discourages sorely needed investment in telecom equipment market
- Eliminates internal cross-subsidies which support lower residential rates.